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R.S. Towsey

MAY 14 1954

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Annual
Report
for the
21st
year

G o d ' s L a k e

G o l d M i n e s L i m i t e d

(NO PERSONAL LIABILITY)

A report on
operations and
financial state-
ment for the
fiscal year
ending December 31,
1953.

God's Lake Gold Mines Limited

(No Personal Liability)

CAPITALIZATION

Authorized Capital (No Par Value) - - - - 5,000,000 Shares
Issued (as of December 31, 1953) - - - - 4,500,000 Shares

DIRECTORS

R. J. JOWSEY Toronto	H. R. DRUMMOND-HAY, Q.C. Winnipeg
WALTER C. OWENS Winnipeg	ERIC CRADOCK Toronto
THOS. GASS Toronto	FRED LARN Winnipeg

OFFICERS

R. J. JOWSEY	- - - - -	President
H. R. DRUMMOND-HAY	- -	Vice-President
FRED LARN	- - - -	Secretary-Treasurer
W. FRANK BAKER	- - -	Field Manager

HEAD OFFICE

395 Main St. - - - - - Winnipeg

Transfer Agents and Registrars

CROWN TRUST CO. - 302 Bay St., Toronto

THE TORONTO GENERAL TRUSTS CORPORATION

283 Portage Ave., Winnipeg

1953

told in brief

With the approval of shareholders the Company's authorized capital was increased from 3,500,000 shares to 5,000,000 shares to permit consummation of new financing. One million shares were sold to net the Company's treasury \$650,000.00.



During the year property holdings were substantially broadened through acquisition of: (1) a group of 240 claims in the north Bathurst area of New Brunswick, and (2) a group of 74 claims in the Blind River uranium area, Northern Ontario.



Following preliminary exploration the option on the 240-claim group in New Brunswick was dropped, and another group of 315 claims in the Benjamin River area of the same province was acquired.



In November the Canadian National Railway's line to Lynn Lake was completed and put in operation providing economical transportation for the Lynn Lake operation.



Further electro-magnetic surveying was carried out on unsurveyed sectors of the Lynn Lake property. Arrangements were made for the resumption of diamond drilling.



Prospecting and geiger surveys were carried out on portions of the Blind River group which indicated several radio-active zones. Further exploration by diamond drilling was recommended.



As of December 31, 1953, investments in shares of established companies and bonds (at market value), plus cash on hand and receivables, totalled in excess of \$1,000,000. This was exclusive of share interests in affiliated enterprises in the development stage.

The President Reports

to Shareholders

At the outset of 1953 your directors felt that it was opportune and in the best interests of the Company to adopt a policy of intensified effort in our explorational activities. In order to implement this program without weakening the Company's investment position, we began negotiations to secure additional working capital. When it became apparent that such negotiations had every reasonable chance to succeed, the approval of shareholders to a proposed increase in the capital stock of the Company from 3,500,000 to 5,000,000 shares was sought and granted at a special meeting of shareholders held on January 16, 1953. Supplementary letters patent authorizing the increase in capital were duly obtained.

This step permitted the Company to enter into an agreement with Cradock Securities Limited whereby the Company disposed of 1,000,000 shares of its treasury stock to net the Company \$650,000. Thus fortified your directors were enabled to put into effect the policy of expanded exploratory effort referred to, resulting in one of the most active years in this respect in the Company's history.

Steps were taken to resume the electro-magnetic survey work on the Lynn Lake property and this was underway in early Spring. It is still in progress. The work succeeded in indicating a number of new anomalies in addition to those previously outlined. By the year's end the surveying was sufficiently advanced to warrant plans being made for follow-up diamond drilling. A contract was accordingly let and the first hole in the new series was commenced in January, 1954. This work is continuing.

During the year opportunities were seized to expand our property holdings in two new mining areas which because of major ore discoveries became prominent in a mining sense. After some negotiation the Company acquired a group of 240 claims in the north Bathurst base metal area of New Brunswick, and another group of 74 claims in the Blind River uranium area, Northern

Ontario. Exploration was carried out on both groups and following this the option on the 240 claim New Brunswick group was relinquished. Subsequently a group of 315 claims situated in the Benjamin River area of New Brunswick was acquired and is to be explored during the current season.

Reference to the Company's shareholdings in other enterprises, as listed elsewhere in this report, show no material change since last year. In accordance with our custom these holdings have again been divided into two classifications, namely, those in established producers, and those representing controlled or affiliated companies in various stages of development.

At the close of the year under review the market value of the Company's investments, i.e. shares of established companies, was approximately \$647,000. This figure does not include whatever value might be placed on holdings in "developing" companies. With the addition of bonds, cash, and accounts receivable, our liquid assets exceeded \$1,000,000.

In connection with certain of our interests in other companies further comment is in order.

Results of 1953 operations for Dominion Magnesium Limited and its wholly owned subsidiaries, Light Alloys Limited and Electro-Reagents (Quebec) Limited reflect a record period in production, sales, and profits, substantially exceeding 1952 in all respects. Net profit for the year advanced sharply to \$886,296 (\$2.15 per share) compared with \$498,849 (\$1.24 per share) in 1952. Both foundries operated by Light Alloys Limited operated at capacity making an important contribution to Canada's defence effort through the production of magnesium alloy components for jet engines and airplanes. During the year Electro-Reagents (Quebec) Limited, situated at Beauharnois, Que. was put in operation producing ferro-silicon, a reducing agent employed extensively by Dominion Magnesium in the production of magnesium. Ferro-silicon was previously imported from Europe.

Attention should also be directed to the substantial improvement in the general outlook for Bevcourt Gold

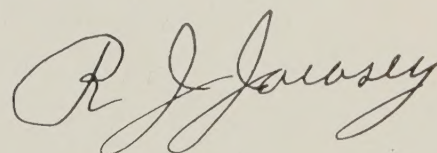
Mines, both in the physical condition of the mine and operating results. As the result of development of the new deep levels established during 1953 important tonnages of the new ore — some quite high in grade — are being put in sight. At the same time steps taken towards improving mining and milling efficiency have borne fruit and are currently finding reflection in the most substantial operating profits since production was started in 1952.

Work on Nickel Lake Mines' property at Barrington Lake, about 30 miles east of Lynn Lake, is planned during the current year. On completion of the electromagnetic survey on our Lynn Lake property, the equipment is to be transferred to Nickel Lake Mines and a systematic survey made here.

In respect of Lyndhurst Mines, in which company we hold a substantial stock interest, it can be said that certain negotiations are currently underway which it is hoped will lead to the inauguration of major program of development during 1954. Earlier diamond drilling in one relatively small sector of this company's extensive property in northern Quebec indicated a substantial tonnage of copper-pyrite-silver ore. This property is regarded as one with exceptional possibilities.

Under existing unfavorable conditions with respect to gold mining, no attempt was made towards resumption of development at Wekusko Consolidated Limited or Squall Lake Gold Mines during the year, both enterprises remaining inactive. It might be well to point out, however, that both undertakings hold promise of important growth under more favorable circumstances.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "R. J. Jarosky". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

President.

Balance Sheet as

ASSETS

Cash in bank	\$	24,144.24	
Shares held in producing mining companies — at cost (Quoted market value at 31st December, 1953 — \$647,011.75)		437,868.88	
Dividend receivable		140.00	
Investment in short term notes and Government of Canada bonds — at cost (Quoted market value at 31st December, 1953 — \$450,677.50)		449,332.50	
Accrued interest receivable		1,128.00	\$ 912,613.62
Shares held in and advances to mining development companies — at not more than cost (per attached schedule)			
Shares	\$	489,395.53	
Advances		23,250.00	512,645.53
Shares held in and advances to Burtho Gold Mines Limited — a subsidiary company — at cost			
Shares	\$	10,000.00	
Advances		40,375.00	50,375.00
Expenditure on exploration of properties carried forward:			
Lynn Lake property	\$	185,337.02	
New Brunswick property		32,507.76	
Astonish Lake property		14,612.34	232,457.12
Sundry assets			24.88
			<u>\$ 1,708,116.15</u>

LIABILITIES

Account payable			\$ 1.26
Capital Stock:			
Authorized issue 5,000,000 shares without nominal or par value			
Issued and fully paid — 4,500,000 shares	\$	2,687,831.25	
Deficit per separate statement		979,716.36	1,708,114.89
			<u>\$ 1,708,116.15</u>

Approved on behalf of the Board:

H. R. DRUMMOND-HAY, Director.

FRED LARN, Director.

AUDIT

We report that we have examined the balance sheet of God's Lake Gold Mines Limited as at 31st December, 1953 and the results of its operations for the year ended on that date, according to the information and explanations we have required. Our examination included a general review of the accounts and such other documents and records as we considered necessary in the circumstances.

In our opinion the above balance sheet and accompanying statement of deficit account are correct in all material respects as at 31st December, 1953 and the results of its operations for the year ended on that date, according to the information and explanations we have required.

All the transactions of the Company that have come within our notice have been within the ordinary course of business.

Winnipeg, Manitoba,
8th February, 1954.

1st December, 1953

SCHEDULE OF SHARES HELD IN AND ADVANCES TO
MINING DEVELOPMENT COMPANIES

As at 31st December, 1953

	Shares held	Book value (not more than cost)	Advances
Atlin-Ruffner Mines (B.C.) Ltd.	44,242	\$ 3,618.18	
Emkay Development Limited	5,000	1,250.00	\$ 1,250.00
Grand Terre Gold Mines Limited	100,000	1.00	
Kalbrook Mining Company Limited	112,000	1.00	
Lake Lingman Gold Mining Company Limited	500,000	92,464.82	
Lyndhurst Mining Company Limited	175,000	30,251.43	
(Shares held include 25,000 shares in escrow)			
Nickel Lake Mines Limited	914,630	39,410.99	
(Shares held include 493,044 shares in escrow)			
Osway Gold Mines Limited	20,000	1.00	
Packsack Gold Mines Limited	285,000		
Regcourt Gold Mines Limited	28,689	1.00	
South Dufault Mines Limited	671,001	1.00	
(Shares held include 106,667 shares in escrow)			
Squall Lake Gold Mines Limited	733,088	45,499.33	18,000.00
Wekusko Consolidated Limited	1,405,366	276,895.78	4,000.00
		<u>\$489,395.53</u>	<u>\$ 23,250.00</u>

STATEMENT OF DEFICIT ACCOUNT

For the year ended 31st December, 1953

Balance as at 31st December, 1952			\$936,587.75
Net expenditure for the year:			
General exploration expenditures	\$10,467.15		
Administrative and general expenses	47,916.14	\$ 58,383.29	
Less: Net profit on sale of investments	\$ 1,307.54		
Dividends and interest received on investments	13,128.89		
Bank interest	818.25	15,254.68	43,128.61
Balance as at 31st December, 1953			<u>\$979,716.36</u>

RT

er, 1953 and the statement of deficit account for the year ended on that date and have obtained
accounting procedures and such tests of accounting records and other supporting evidence as we

n up so as to exhibit a true and correct view of the state of the affairs of the company as at 31st
our information and the explanations given to us and as shown by the books of the Company.
owers of the Company, to the best of our information and belief.

MILLAR, MACDONALD & CO.,

Chartered Accountants.



Field Manager Frank Baker
at Lynn Lake

LYNN LAKE

With the thermometer hovering around fifty below zero exploratory diamond drilling was resumed in January (1954) on the Company's 147-claim holding in the Lynn Lake nickel-copper area of northern Manitoba.

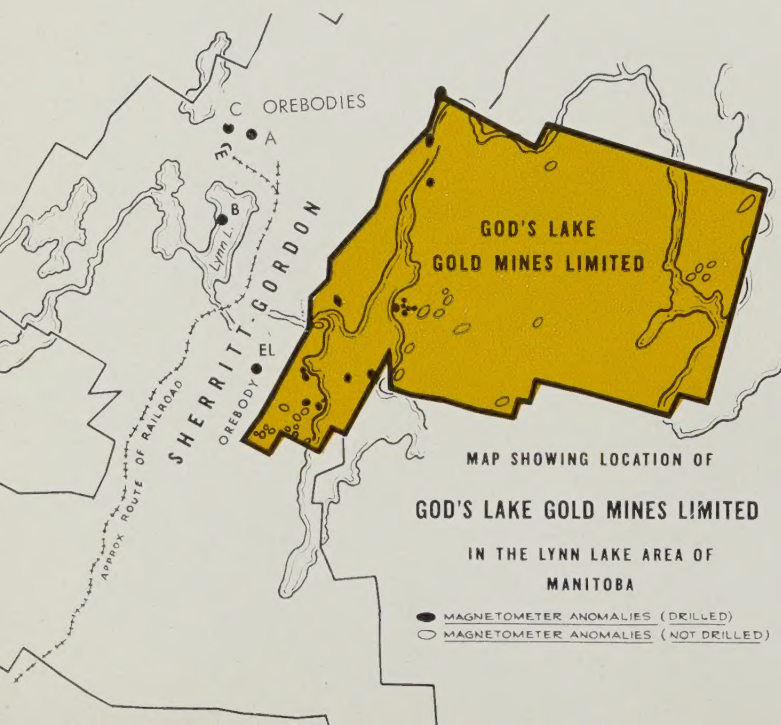
The new drilling program, which gives every indication of continuing throughout the current year, has for its objective the probing of anomalies outlined by the electro-magnetic survey. This survey was resumed in the Spring of 1953 and has been continuously in progress since.

As numerous zones meriting drilling attention have been indicated both in last year's work and that done

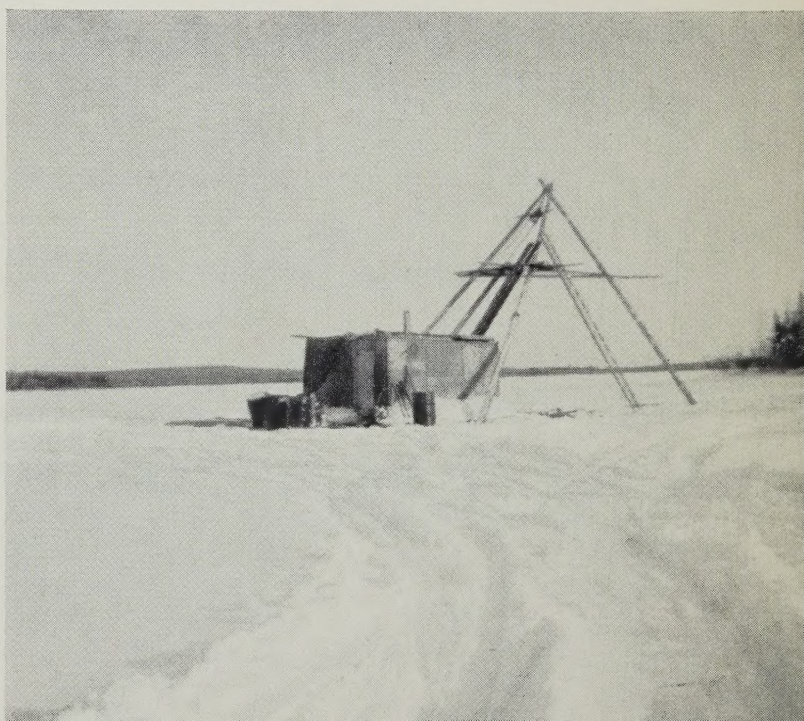
in previous years, the exploratory program mapped for the current year is an extensive one.

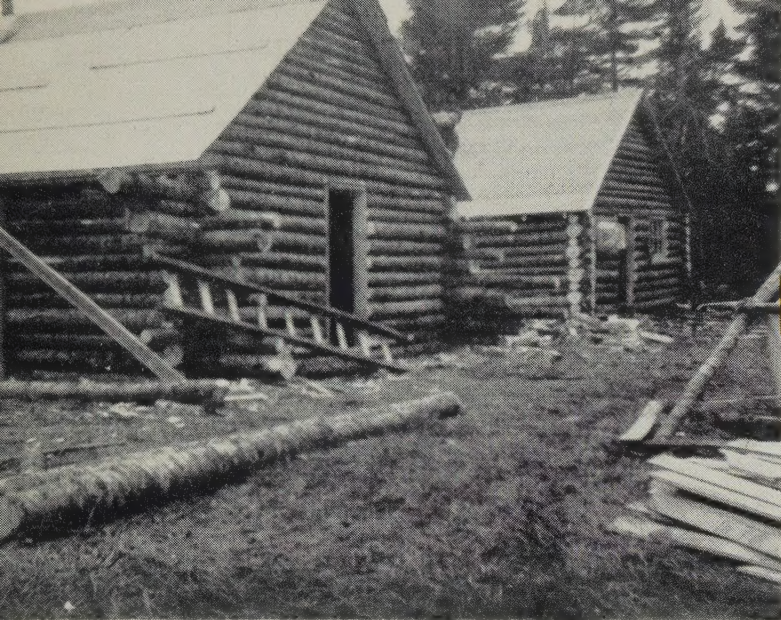
Should this work prove successful in locating deposits of commercial importance development can be proceeded with confidently in the knowledge that Sherritt Gordon Mines has already blazed the trail by establishing one of Canada's major nickel-copper mines in the Lynn Lake area.

With the completion of the Lynn Lake branch of the Canadian National Railways the transportation problem which hampered operations in earlier years has been satisfactorily solved and this has resulted in beneficial operating economies.

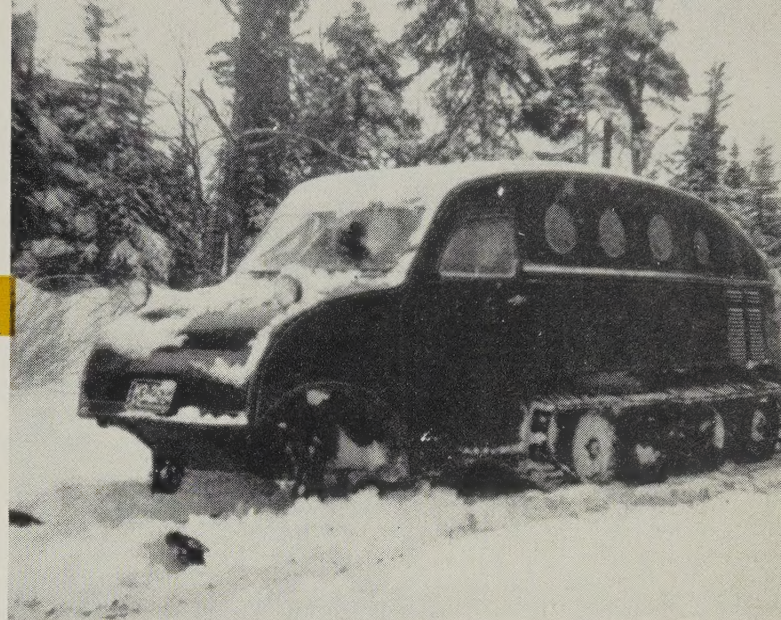


Diamond Drilling at Lynn Lake





The Company's camps in New Brunswick



The snowmobile facilitates winter transportation

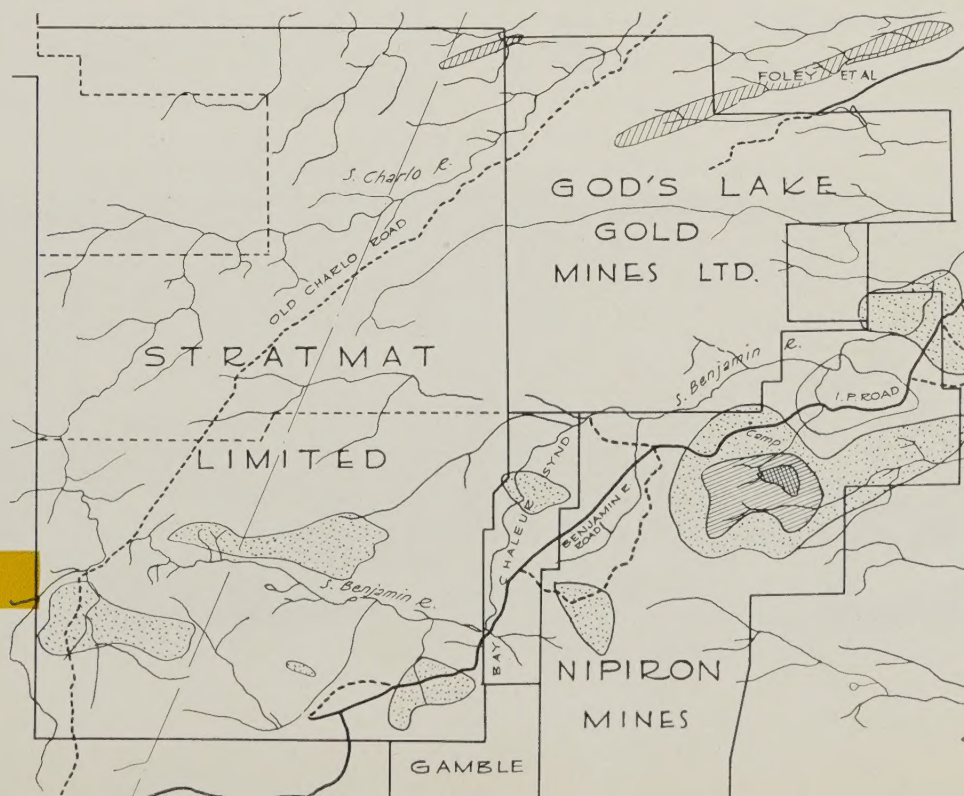
NEW BRUNSWICK

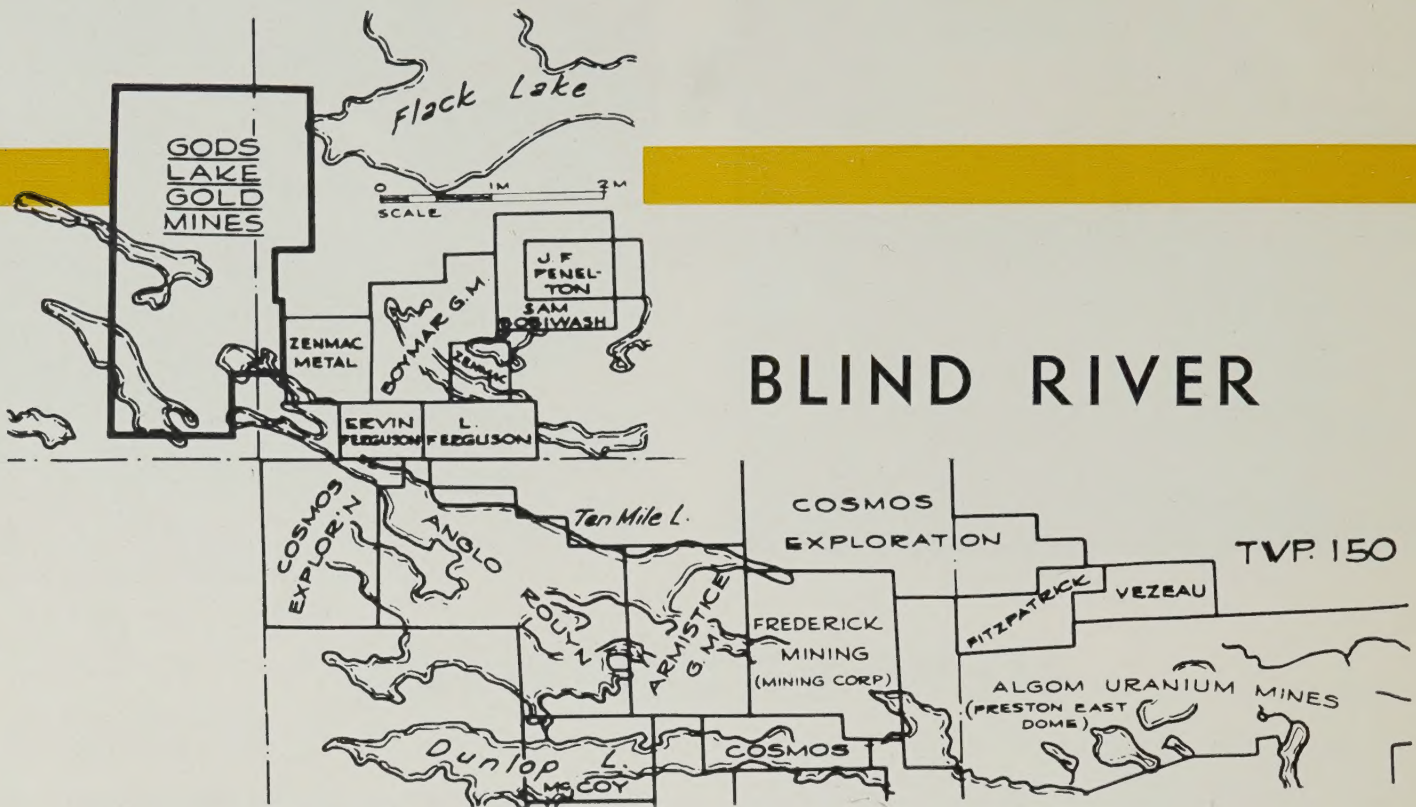
When, early in 1953, one of the greatest staking "bees" of modern times got underway in the Bathurst area of New Brunswick, sparked by the emergence of Brunswick Mining & Smelting property as a base metal mine of major magnitude, our Company participated in this activity through the acquisition of a group of 240 claims situated in the Tetagouche River area, Restigouche County.

During the following months electro-magnetic and geological surveys were carried out and several anomalies were indicated. Subsequent follow-up exploration

of these anomalies failed to locate concentrations of values suggestive of possible ore deposits and the option was dropped on this group.

Recently a new group comprising 315 claims was acquired in Charlo County to the north. An aerial survey done by the Geological Survey of Canada has indicated a major anomaly on this group (see sketch plan) which is indicative of interesting possibilities. The occurrence is to be given careful exploratory attention during the coming season.





BLIND RIVER

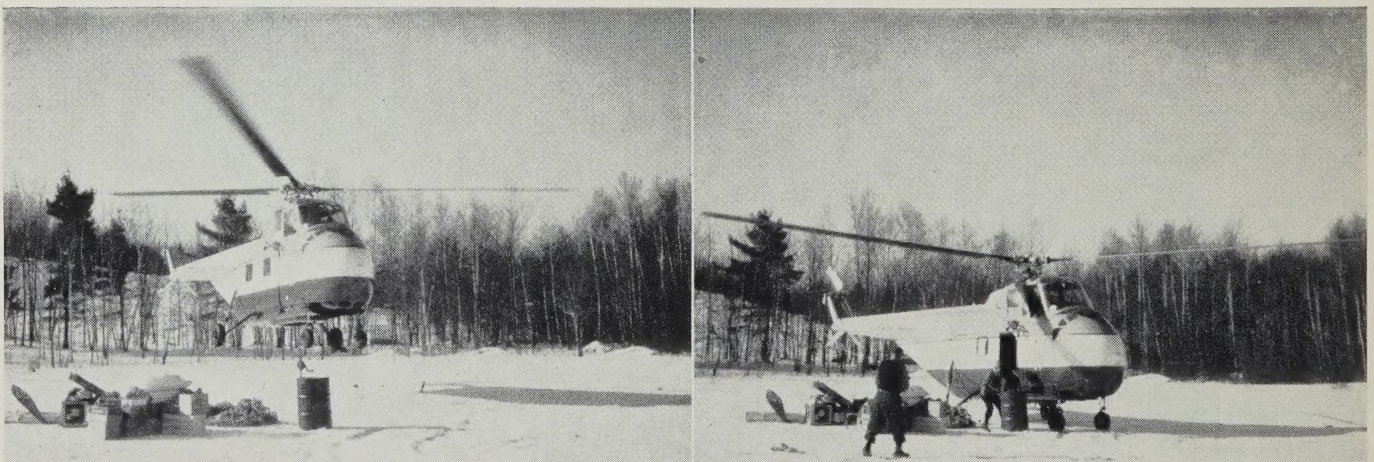
Important discoveries of uranium in the Blind River area of Algoma, northern Ontario, last spring prompted acquisition by the Company of a group of 74 claims situated in the vicinity of Astonish Lake on the central section of the S-shaped main mineralized belt.

It is noteworthy that uranium ore discoveries of major significance have recently been reported on the Algom Uranium Mines' holdings, shown on the accompanying map, at Quirke Lake, eastward from our group. According to an official estimate, diamond drilling has indicated in excess of 1,600,000 tons of \$16.24 average grade material on the Algom property and development for a large scale operation is planned.

During October and November last a geiger survey was made on the northern half of our property during the course of which several radio-active zones, consisting of conglomerate pebble beds (the typical uranium bearing rocks of the area) were located in the vicinity of Alpha, Beta, Gamma and Olympus Lakes.

On the recommendation of the engineer in charge a program of exploratory diamond drilling was decided upon to be put into effect after freeze-up. A contract for drilling was let and after some unavoidable delay due to unfavourable ice conditions on the lakes, a drill was flown in by helicopter. Drilling of the known radio-active zones is to be proceeded with.

Landing diamond drilling equipment on the Company's Blind River property



HOLDINGS IN ESTABLISHED COMPANIES, as of December 31st, 1953

300,000 shares of Bevcourt Gold Mines Limited.
31,803 shares of Dominion Magnesium Limited.
7,500 shares of Delnite Mines Limited.
5,000 shares of Cochenour Willans Gold Mines Limited.
4,800 shares of Sherritt Gordon Mines Limited.
4,000 shares of Macassa Mines Limited.
3,500 shares of San Antonio Gold Mines Limited.
2,000 shares of Malartic Gold Fields Limited.
1,000 shares of East Sullivan Mines Limited.
1,000 shares of Bralorne Mines Limited.
1,000 shares of Noranda Mines Limited.
800 shares of Dome Mines Limited.
500 shares of Hudson Bay Mining & Smelting Co. Limited.
500 shares of International Nickel Co. of Canada Limited.
440 shares of Frobisher Limited.

HOLDINGS IN DEVELOPMENT COMPANIES, as of December 31st, 1953

1,405,366 shares of Wekusko Consolidated Limited.
914,630 shares of Nickel Lake Mines Limited.
733,088 shares of Squall Lake Gold Mines Limited.
671,001 shares of South Dufault Mines Limited.
500,000 shares of Lake Lingman Gold Mining Co. Limited.
112,000 shares of Kalbrook Mining Company Limited.
175,000 shares of Lyndhurst Mining Company Limited.
52,500 shares of Burtho Gold Mines Limited.
28,689 shares of Regcourt Gold Mines Limited.
44,242 shares of Atlin-Ruffner Mines (B.C.) Limited.
285,000 shares of Packsack Mines Limited.
5,000 shares of Emkay Development Limited.

